

SPEECH BY ATTORNEY GENERAL ROBERT MORGAN

AHOSKIE ROTARY CLUB

MONDAY, AUGUST 19, 1974

THANK YOU FOR INVITING ME TO VISIT WITH YOU TODAY.

I ALWAYS FEEL AT HOME IN EASTERN NORTH CAROLINA AND SO I WELCOME THIS CHANCE TO MEET AND TALK WITH YOU.

IT IS GOOD TO SEE THAT TOBACCO PRICES HAVE GONE UP. AT THE FIRST OF THE SELLING SEASON, WHEN PRICES WERE LOWER THAN EXPECTED, IT LOOKED LIKE WE WERE IN FOR SOME TROUBLE.

I PROPOSED THEN SOMETHING I THINK SHOULD BE MADE A POLICY OF THE DEPARTMENT OF AGRICULTURE.

INSTEAD OF SETTING SUPPORT PRICES BASED ON THE AVERAGE COST OF PRODUCTION OVER THE PREVIOUS THREE-YEAR AVERAGE, I BELIEVE THESE SUPPORTS SHOULD BE BASED ON THE COST OF RAISING THE CROP THAT IS BEING SOLD. IN OTHER WORDS, BASE 1974 SUPPORTS ON THE COST OF GROWING 1974 TOBACCO.

THESE COST FIGURES AS TO FERTILIZER, FUEL OIL, AND OTHER THINGS NEEDED TO RAISE A CROP ARE READILY AVAILABLE TO THE DEPARTMENT OF AGRICULTURE FROM OTHER GOVERNMENT AGENCIES.

I BELIEVE A FORMULA BASED ON CURRENT PRICES WOULD BE FAIRER TO FARMERS AND I AM SURPRISED THIS HAS NOT BEEN DONE BEFORE.

IF I GET TO WASHINGTON, THIS IS ONE MEASURE I AM GOING TO ADVOCATE AND ADVOCATE STRONGLY.

BUT TODAY I WOULD LIKE TO TALK TO YOU ABOUT THE THING THAT IS HURTING ALL OF US MOST. THIS IS WHAT IS HAPPENING TO OUR DOLLAR. I DON'T HAVE TO TELL YOU WHAT HAS HAPPENED AT THE GROCERY STORE TO THE PRICES OF MEAT AND POTATOES AND BREAD AND PRACTICALLY EVERYTHING WE BUY.

I DON'T HAVE TO TELL YOU THAT IT'S JUST ABOUT IMPOSSIBLE FOR A FAMILY WITH AN AVERAGE INCOME TO PURCHASE A HOME THESE DAYS, WITH INTEREST RATES OF NINE OR TEN PER CENT ON MORTGAGE MONEY — IF YOU CAN FIND IT AT ALL. AND FHA AND VA RATES WENT UP AGAIN TUESDAY TO 9-1/2 PER CENT.

I DON'T HAVE TO TELL YOU WHAT HAS HAPPENED TO ELDERLY PEOPLE LIVING ON SOCIAL SECURITY OR PENSION CHECKS, WHO GROW FEARFUL THAT THEY WON'T BE ABLE TO PAY FOR THE NECESSITIES OF LIFE.

AND YOU KNOW WHAT HAS HAPPENED TO THE WORKING POOR AND OTHERS WHO HAVE LITTLE HOPE OF INCREASING THEIR EARNINGS.

IT WOULD NOT BE FAIR TO PLACE THE BLAME FOR THIS ON ANY ONE CULPRIT OR ANY ONE POLITICAL PARTY.

AS A MATTER OF FACT, WE ARE ALL IN THIS TOGETHER AND WE MUST ALL GET OUT OF IT TOGETHER.

BUT IT IS FAIR TO LOOK AT THE FACTS.

IN 1968, WHEN HE WAS RUNNING FOR HIS FIRST TERM, PRESIDENT NIXON CAMPAIGNED AGAINST INFLATION.

IN THAT YEAR, THE LAST YEAR OF THE JOHNSON ADMINISTRATION, THE INFLATION RATE WAS 4.7 PER CENT, THE HIGHEST RATE DURING THE KENNEDY-JOHNSON ADMINISTRATIONS. THE AVERAGE INFLATION RATE UNDER KENNEDY AND JOHNSON WAS 2.5 PER CENT.

COMPARE THAT TO THE 11 PER CENT INFLATION WE HAD IN 1973. AND JUST LAST MONTH THE WHOLESALE PRICE RATE WENT UP TO AN ANNUAL RATE OF 44 PER CENT.

THE NEW PRESIDENT, LESS THAN A WEEK IN OFFICE, HAS INHERITED AN ECONOMIC MESS.

ON MONDAY NIGHT HE ADDRESSED THE CONGRESS AND THE NATION AND QUITE PROPERLY HE SAID THAT INFLATION IS OUR NUMBER ONE PUBLIC ENEMY.

ALTHOUGH HE GAVE FEW SPECIFICS, HIS SPEECH WAS HEARTENING BECAUSE HE RECOGNIZES THE DILEMMA WE ARE IN AND SAYS HE WILL WORK WITH THE CONGRESS AND WITH BUSINESS AND LABOR TO ATTACK IT.

HE MADE THREE CONCRETE PROPOSALS, ALL OF WHICH HAD BEEN PREVIOUSLY ADVOCATED BY THE DEMOCRATIC LEADERSHIP IN CONGRESS AND ALL OF WHICH I SUPPORT:

1. HE CALLED FOR AN END TO DEFICIT SPENDING AND A RETURN TO A BALANCED BUDGET.

2. HE CALLED FOR RE-CREATING A COST OF LIVING COUNCIL, BUT NOT A RETURN TO PRICE CONTROLS. THE COUNCIL WOULD MONITOR PRICES AND SEE WHO IS ATTEMPTING TO GOUGE THE PUBLIC WITH INORDINATE PROFITS.
3. HE CALLED FOR A SUMMIT MEETING OF BUSINESS, LABOR AND ECONOMISTS TO SEEK WAYS OUT OF THIS THICKET OF INFLATION.

GIVEN THE SPIRIT OF HARMONY THAT NOW PREVAILS IN WASHINGTON, IT IS ALMOST CERTAIN THAT THESE PROPOSALS WILL BE MET WITH APPROVAL.

CERTAINLY IF I WERE IN THE SENATE TODAY, I WOULD VOTE MY SUPPORT FOR THESE PROGRAMS, ESPECIALLY THE BALANCING OF THE NATIONAL BUDGET WHICH I CONSIDER THE PRINCIPAL CAUSE OF THE PROBLEM.

AND THERE ARE SOME OTHER THINGS THAT CAN BE DONE, WHICH THE PRESIDENT DID NOT MENTION IN HIS MONDAY NIGHT SPEECH.

THE NATIONAL DEMOCRATIC PARTY, WITH THE HELP OF SOME OF THE BEST ECONOMIC MINDS IN THE COUNTRY, HAS COME UP WITH SOME PROGRAMS WHICH COULD HELP.

I'D LIKE TO DISCUSS THESE FOR A FEW MINUTES,

THE FIRST THING THAT MUST BE DONE IS TO ATTACK THE SHORTAGES THAT SEEM TO BE EVERYWHERE.

WHEN COMMODITIES OR GOODS GET IN SHORT SUPPLY, THEY GET MORE EXPENSIVE. THIS IS NOTHING MORE THAN THE OLD BASIC LAW OF SUPPLY AND DEMAND.

SO THIS NATION NEEDS TO CHANNEL ITS RESOURCES — AND ESPECIALLY ITS MONEY THAT IS AVAILABLE FOR LOANS — TO ESSENTIAL INDUSTRIES THAT CAN EASE THESE SHORTAGES.

THE GOVERNMENT SHOULD SIT DOWN WITH BANKERS, INSURANCE COMPANY EXECUTIVES AND PEOPLE FROM OTHER FINANCIAL INSTITUTIONS AND URGE THEM TO DIRECT THEIR LOANS TO FACTORIES AND INDUSTRIES THAT CAN SUPPLY SUCH THINGS AS MORE HOUSES, MORE ENERGY AND MORE FOOD.

THE PRESIDENT SHOULD URGE THEM TO BEGIN A VOLUNTARY PROGRAM OF LENDING MONEY TO COMPANIES WHO WILL USE IT TO RELIEVE THESE SHORTAGES.

HE SHOULD URGE THEM TO HOLD BACK ON LOANS THAT DO NOT CONTRIBUTE TO RELIEF OF THESE SHORTAGES.

AND I HAVE HEARD ONE WALL STREET BANKER SAY THAT THE LENDING INSTITUTIONS WOULD WELCOME SUCH A REQUEST, BECAUSE IT WOULD ALLOW THEM TO TURN DOWN LOANS FROM SPECULATORS TO WHICH THEY MAY BE ALREADY MORE OR LESS COMMITTED.

AS AN AID TO THIS SORT OF ACTION, THE CONGRESS SHOULD GIVE THE FEDERAL RESERVE MORE FLEXIBILITY TO GUARANTEE A REASONABLE AMOUNT OF MONEY TO ENCOURAGE HOME BUILDING, EXPAND MANUFACTURING AND TO HELP SMALL BUSINESSES.

IN THE FIELD OF EDUCATION, THERE SHOULD BE A NATIONAL COMMITMENT TO VOCATIONAL EDUCATION AND RETRAINING PROGRAMS.

THESE PROGRAMS PROVIDE A HIGH RATE OF YIELD TO THE FEDERAL TREASURY. THEY INCREASE THE NUMBER OF AMERICANS MAKING A PRODUCTIVE CONTRIBUTION TO THE NATION AND, MORE IMPORTANT, THEY TAKE PEOPLE OFF THE UNEMPLOYMENT ROLLS AND PUT THEM ON PAYROLLS.

ANOTHER AREA WHICH SHOULD BE EXPLORED, IS THAT OF OUR SYSTEM OF TAXES.

I'M NOT TALKING ABOUT RAISING TAXES OR LOWERING TAXES AS A CURE TO INFLATION.

I'M TALKING ABOUT TAX FAIRNESS.

THERE'S SOMETHING WRONG WITH A TAX SYSTEM THAT ALLOWS A MAN MAKING OVER \$100,000 A YEAR FROM UNPRODUCTIVE INVESTMENTS TO PAY NO TAXES.

TAX SHELTERS WHICH ALLOW THIS SORT OF THING TO HAPPEN SHOULD BE REMOVED AND A BREAK SHOULD BE GIVEN TO LOW AND MODERATE INCOME FAMILIES WHO NOW BEAR THE BRUNT OF THE TAX BURDEN.

SURELY THE BUSINESS OF GIVING TAX BREAKS FOR BUILDING FACTORIES IN FOREIGN COUNTRIES SHOULD BE ENDED.

IT WOULD BE FAR BETTER TO SEND OUR GOODS ABROAD AND KEEP OUR JOBS AND OUR CAPITAL AT HOME.

AND WE SHOULD STOP USING OUR TAX LAWS TO ENCOURAGE FOREIGN OIL AND GAS PRODUCTION.

WE SHOULD HAVE LEARNED FROM THE GASOLINE SHORTAGE EARLIER THIS YEAR THAT IF THE NATION IS TO BE SECURE AND SELF-SUFFICIENT, WE MUST PRODUCE MORE ENERGY HERE AT HOME, AND DEPEND LESS ON FOREIGN COUNTRIES WHO CAN TURN THE TAP ON OR OFF AT THE SLIGHTEST WHIM.

FINALLY, THE GOVERNMENT MUST PUT ITS OWN ECONOMIC HOUSE IN ORDER AND THIS APPLIES NOT ONLY TO DEFICIT SPENDING BUT SOME OTHER ACTIVITIES AS WELL.

THE RUSSIAN WHEAT DEAL AND THE ENERGY CRISIS ARE PRIME EXAMPLES OF THE GOVERNMENT'S FAILURE TO PROTECT OUR ECONOMIC SECURITY.

THE WHEAT DEAL, SUBSIDIZED BY YOUR TAX DOLLARS, SHARPLY RAISED THE PRICE OF BREAD AND CEREAL PRODUCTS FOR YOUR FAMILIES.

AND THE GOVERNMENT'S FAILURE TO FORESEE AND FOREWARN US ABOUT THE PETROLEUM SHORTAGE HELPED PUT YOU IN LONG GASOLINE LINES LAST WINTER.

THE FEDERAL EXPORT-IMPORT BANK, AS ANOTHER EXAMPLE, BORROWS FROM THE MONEY MARKETS TO LEND RUSSIA \$180 MILLION FOR A FERTILIZER PLANT.

YET HERE AT HOME A SHORTAGE OF FERTILIZER HINDERS EFFORTS TO PRODUCE MORE FOOD AND INCREASES THE COST OF RAISING CROPS— AND THE COST IS EVENTUALLY PAID BY THE HOUSEWIFE IN THE GROCERY AND CHECKOUT LINE.

AND TO PUT THE ICING ON THE CAKE, THE EXPORT-IMPORT BANK OFFERS THESE LOANS AT ABOUT ONE-HALF THE INTEREST RATE A U. S. COMPANY WOULD HAVE TO PAY.

THESE ARE MISTAKES WE SHOULD STOP MAKING,

THERE ARE MANY MORE AVENUES TO EXPLORE IN TRYING TO FIGHT OUR WAY BACK TO FISCAL SANITY IN THIS COUNTRY.

TO ME, THE ONE CERTAIN STEP WE SHOULD TAKE IS TO SEE THAT THE GOVERNMENT LIVES WITHIN ITS INCOME AND BALANCES ITS BUDGET. THIS IS CRITICAL TO OUR SUCCESS.

SINCE THE REPUBLICANS TOOK OFFICE IN 1969, THE COST OF GOVERNMENT HAS GROWN AT AN ALARMING RATE. IT WAS DURING THIS PERIOD THAT WE HAD OUR FIRST \$200 BILLION BUDGET AND ALSO OUR FIRST \$300 BILLION BUDGET.

DURING THIS PERIOD WE HAVE ENGAGED IN MORE DEFICIT SPENDING THAN AT ANY TIME SINCE WORLD WAR II.

I SAY WE MUST CUT FAT FROM THE BUDGET WHEREVER WE FIND IT.

THE PRESIDENT SAID MONDAY HE IS IN FAVOR OF A STRONG, SECOND-TO-NONE NATIONAL DEFENSE.